

# Overview of UI Program Financing and Benefits

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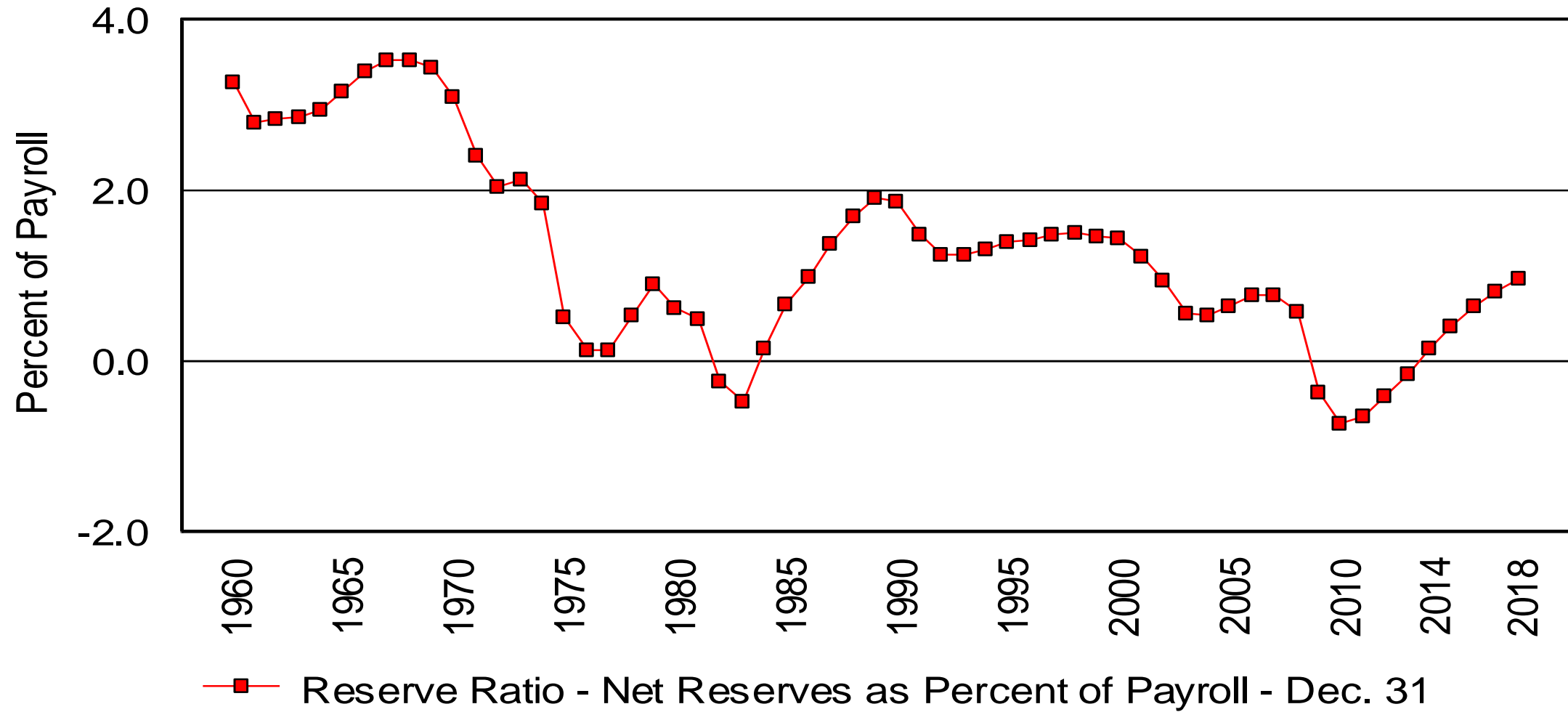
The Urban Institute

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# Outline

- Trust funds and financing
- UI Benefits
- UI Modernization from the ARRA
- Disasters and Disaster Unemployment Assistance (DUA)

# Chart 1. Aggregate Reserve Ratio, 1960 to 2018



# Taxable Wage Bases in 51 Programs - 2018

Tax Base	Not Indexed	Indexed
7,000	4	0
7,001 – 10,999	14	0
11,000 – 13,999	5	1
14,000 – 16,999	9	0
17,000 – 19,999	0	2
20,000 – 24,999	0	4
25,000 – 34,999	0	6
35,000 – 47,300	0	6
Total	32	19

# Ratio of 2018 Tax Base to 2008 Tax Base

2018/2008 Ratio	Total	Indexed	Not Indexed
>= 1.50	11	4	7
1.4 – 1.499	0	0	0
1.3 1.399	8	5	3
1.2 – 1.299	11	9	2
1.1 – 1.199	3	1	2
1.01 – 1.099	4	0	4
1.00	14	0	14
Total	51	19	32

# Simple Averages of State Reserve Ratios, December 2007 and December 2017

	<b>48 Programs</b>	<b>16 Indexed Programs</b>	<b>32 Non-indexed Programs</b>
December 2007	1.31	2.11	0.91
December 2017	1.29	2.13	0.87

Reserve ratio - net reserves as a percent of total payroll

# Indexation and Borrowing, The Great Recession

	51 States	Non-indexed States	Indexed States
All States	51	35	16
States with Loans	35	29	6
Borrowing Probability	0.69	0.83	0.38

# Municipal bonds

- First issuances 1987 - Louisiana and West Virginia
- 1991 Recession – Connecticut
- 2002 Recession – Texas, Illinois and North Carolina
  - North Carolina issued short term notes in 2003, 2004 and 2005
- After the Great Recession of 2007-2009
- 2010 Texas
- 2011 Idaho, Michigan
- 2012 Colorado, Illinois, Pennsylvania
- 2013 Arizona, Nevada



# Recent Municipal Bond Issuances

State	Texas	Idaho	Mich- igan	Colo- rado	Illinois	Pennsyl -vania	Arizona	Nevada
Issue Year	2010	2011	2011	2012	2012	2012	2013	2013
Loan Amount <sup>a</sup>	1,960	188	3,278	625	1,470	2,829	200	549
Loan/Pay- roll - %	0.5	1.1	2.4	0.7	0.7	1.5	0.2	1.3
Max Maturity	2020	2015	2023	2017	2020	2024	2014	2018
Callable Bonds?	Yes	No	Yes	No	Yes	Yes	b	No
Year Fully Repaid	2017	2015	2020?	2017	2017	2019?	2014	2017 <sup>9</sup>
a- Loan amount in \$millions      b – 9 month tax anticipation notes								

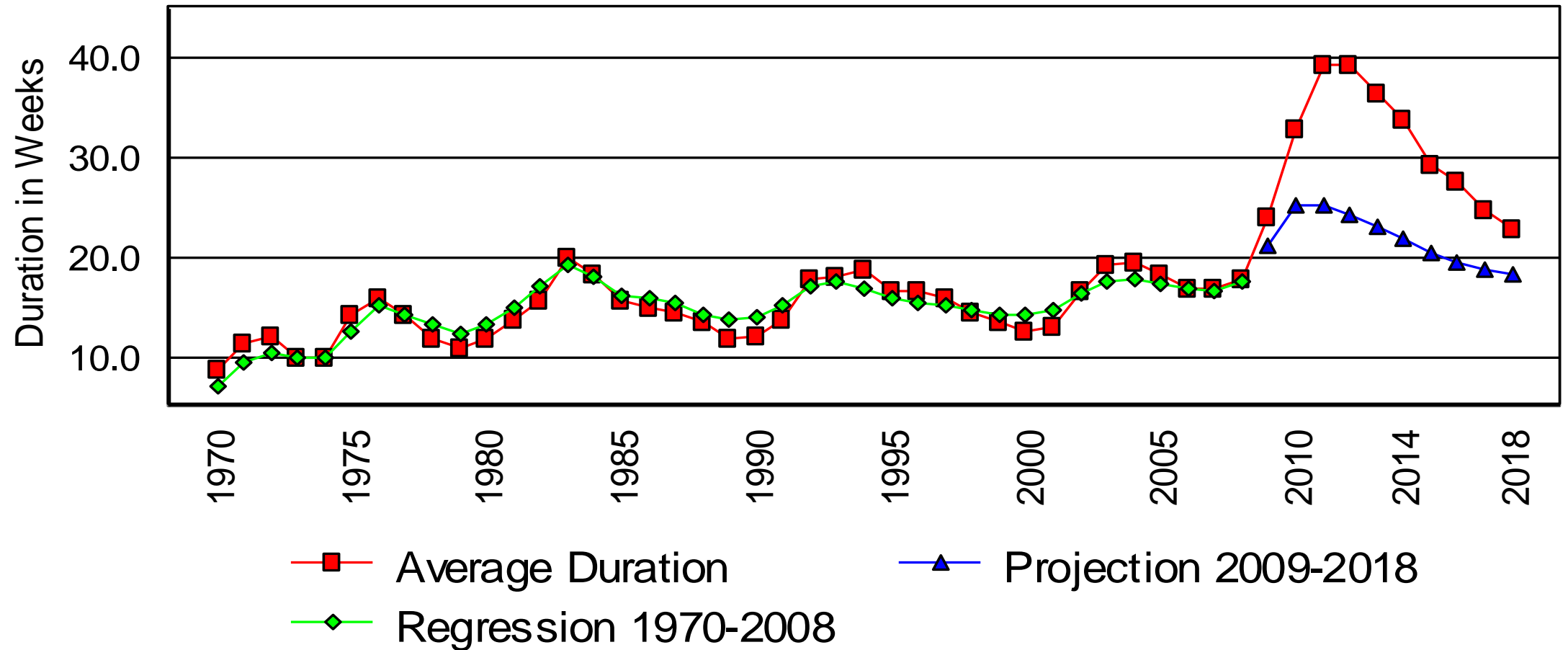
# Illustrative Repayment Calculations: Illinois

Year	Annual Muni Repay (\$mill.)	Cumulative Muni Repay	FUTA Credit Offset Rate %	FUTA Credit Offsets (\$mill.)	Cumulative FUTA Offsets
2013	247	247	0.3	153	153
2014	287	534	0.6	320	473
2015	368	901	0.9	494	967
2016	409	1,311	1.2	665	1,632
2017	159	1,470	1.5	844	
Total	1,470				

# Mean unemployment duration has increased

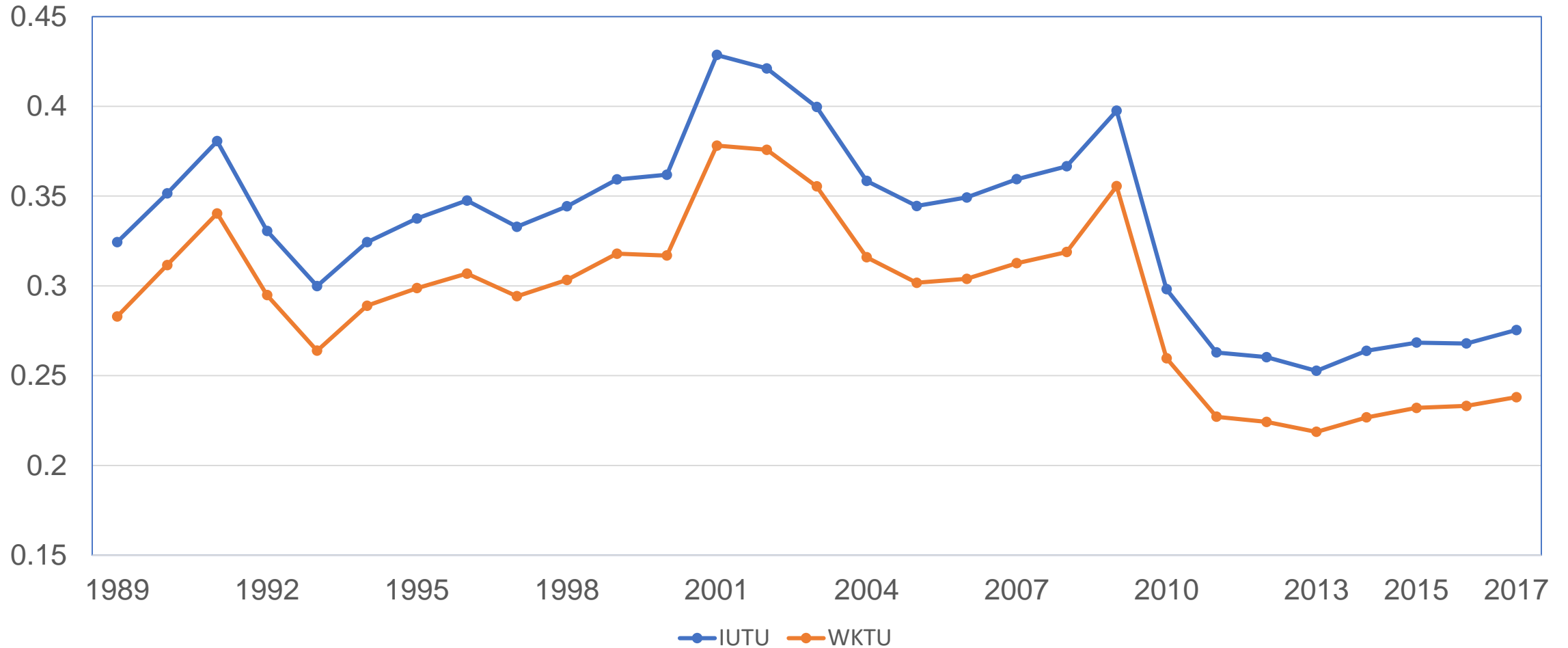
- Duration – Mean unemployment duration, in weeks, CPS
- Regression with annual data 1970 to 2008,
- $\text{Duration} = 0.066 + 0.656 * \text{TUR} + 1.001 * \text{TURLag} + 0.232 * \text{Trend 1970}$
- t Ratio        (0.1)        (2.7)        (4.6)        (12.1)
- TUR – Total unemployment rate (CPS, labor force survey)
- Adjusted  $R^2 = 0.83$     Std. Error = 1.22 Weeks
- Mean duration 1970 to 2008 = 14.8 weeks
- Maximum duration 1970 to 2008 = 20.0 weeks in 1983

# Chart 2. Average Unemployment Duration 1970 to 2018



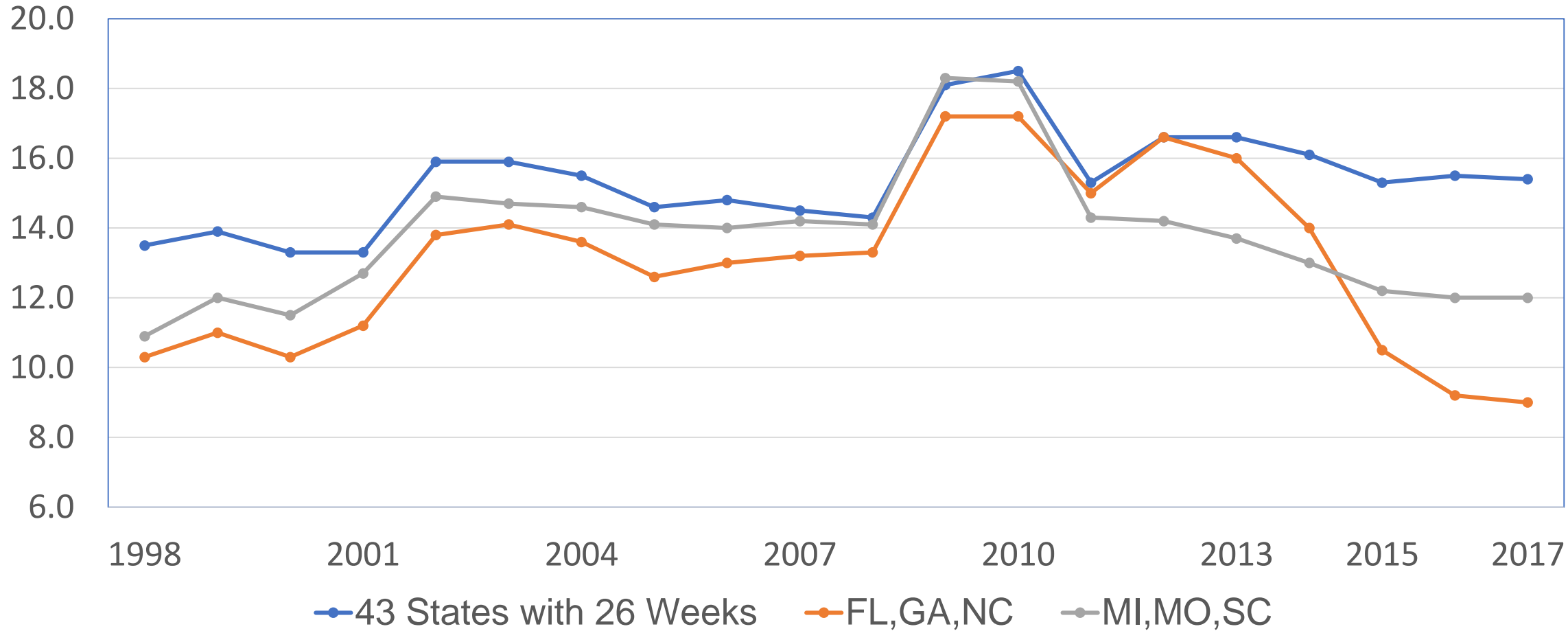
# Chart 3. UI Reciprocity Rates

## 1989 to 2017



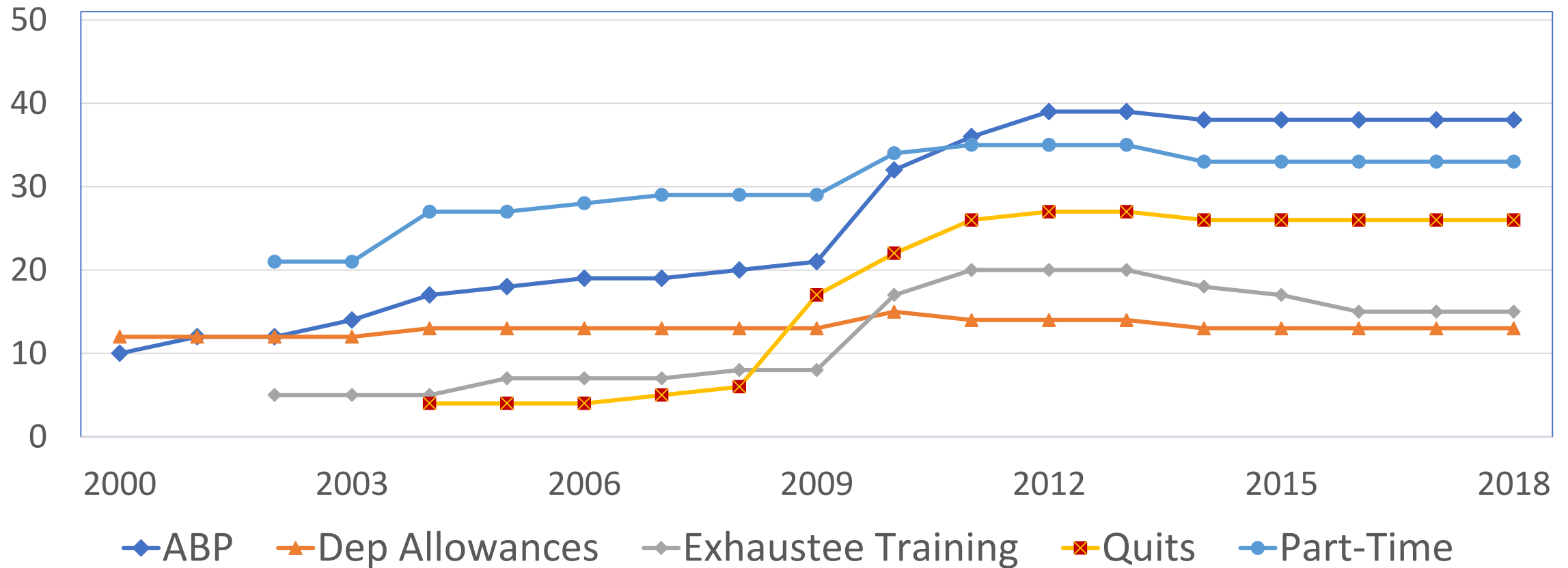
IUTU - Ratio of weekly claimants to weekly unemployment  
WKTU - Ratio of weekly beneficiaries to weekly unemployment

Chart 4. Average Benefit Duration, Three Groups of States, 1989 to 2017



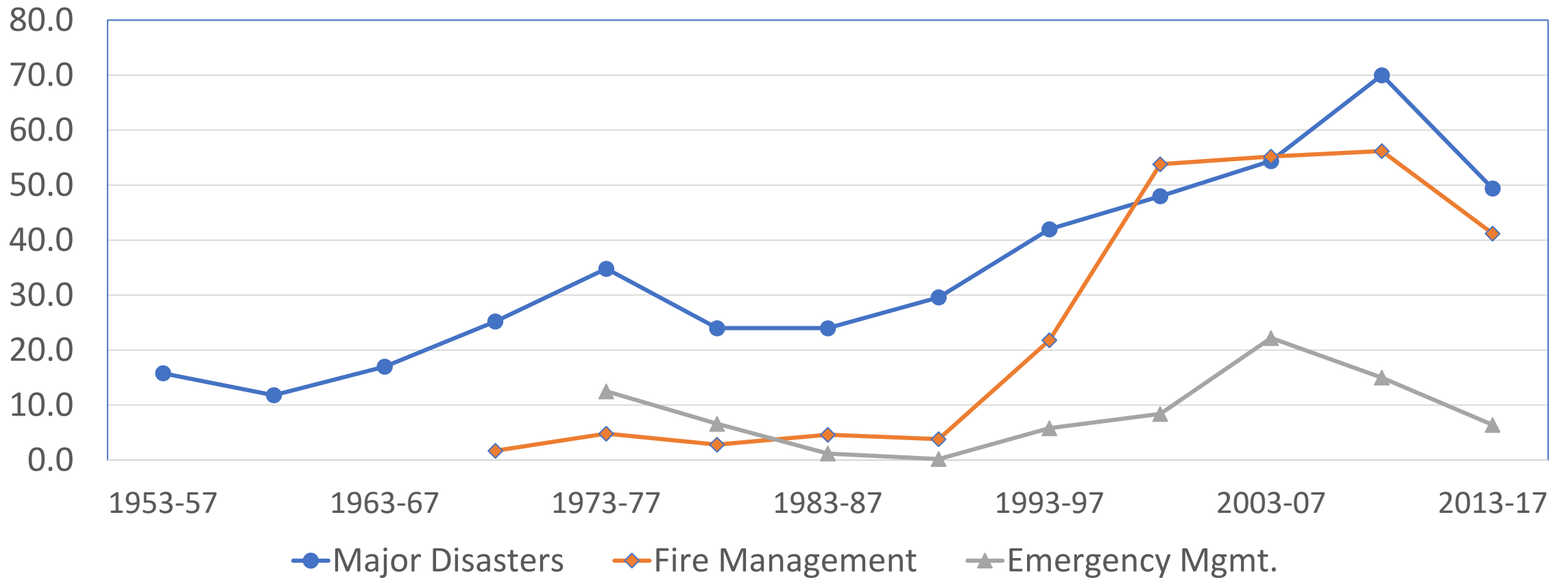
# Chart 5. UI Modernization - State Counts

2000 to 2018



# Chart 6. U.S. Disaster Data

## Five Year Averages





# Disaster Payments

- FEMA Individual assistance
  - Housing Assistance
  - Other Individual Assistance
- FEMA Public assistance
  - Trash and debris removal
  - Infrastructure restoration
- Hazard Mitigation
- Disaster Unemployment Assistance

# Chart 7. Proportion of Disasters with Benefits

Five Year Averages, 1965 to 2017

